

PORT OF PORT TOWNSEND

MEETING OF: August 9, 2017

AGENDA ITEM: VII. Regular Business
C. Potential Memorandum of Understanding (MoU) with the Point Hudson Boat Shop Re: Armory Building Fire/Safety Improvements

BACKGROUND:

In late 2015, the Fire Marshall conducted an inspection of the Armory Building at Point Hudson and apprised the Port of a number of safety issues requiring resolution in the near-term by the Port and/or its tenants, including the following:

- The lack of emergency egress from the top floor of the building; and
- Fire prevention and separation issues occasioned by the Point Hudson Boat Shop's woodshop use on the ground floor.

In response, the Port proceeded to install a fire escape ladder on the north side of the building. This was completed in the fall of 2016. The Port also began working with the City's Building Official and Mr. Chapin (owner of the Point Hudson Boat Shop) to address the fire prevention and separation issues.

In September of 2016, the Port outlined a detailed plan of action and timeline for Mr. Chapin to definitively resolve the fire prevention and separation issues, and to mitigate the impact to other building tenants from the odor and fumes associated with the Boat Shop's use of the premises. Before this plan of action could be implemented, staff became aware of a detailed building assessment previously prepared for the Port by Washington Engineering in 2002 (see attached.) That assessment identified a "*serious, and immediate condition*" associated with the wood shop use, concluding that the building was at risk of fire and/or explosion and should be treated with "*extreme caution*". It is important to note that this risk is associated with the specific operations that create dust and use potentially volatile chemicals. It is also important to note that other risks related to other building occupancy have been addressed such as updating the electrical wiring and the addition of the fire escape.

Although the report was fifteen (15) years old, its findings required prompt and responsible risk management by the Port to ensure the safety of its tenants and the public. Because of the scope and high cost of building improvements¹ needed to ensure the structure is safe for occupancy and use specifically by the Boat Shop, the Port moved to terminate Mr. Chapin's tenancy. A Notice to Terminate Tenancy was served in May, with a termination date of August

¹ Currently these costs are estimated to exceed \$250,000 and are not included in the Port's capital budget.

31, 2017. Mr. Chapin is now in the process of vacating the space and moving to a new location in Glen Cove.

Mr. Chapin, and the Point Hudson Boat Shop, has been a valued long-term Port tenant. In addition to being a steward of the renowned Pocock racing shell designs, the Boat Shop has been an integral component of the unique waterfront character of our community and Point Hudson's "Maritime Heritage Corridor".

As the Commission understands and is frequently reminded, the Port's current capital maintenance and replacement needs substantially exceed its financial capacity. Given this context, the Port has two general options for future occupancy of this space.

1. Market the space for a water related use that meets current zoning and shoreline requirements. A future tenant and related use may not pose the same fire risk or may be able to install tenant improvements as necessitated by the proposed use.
2. OR, given the iconic nature of both the Armory Building and the importance of the Boat Shop to the marine-trades/water-oriented character of Point Hudson, a different approach may be warranted. If so directed, staff could seek partnerships and formulate a strategy which, if successfully implemented, would allow the Boat Shop to reoccupy the Armory Building in late 2018 or sooner. Should the Commission so direct, staff could prepare a draft Memorandum of Understanding between the Port and Mr. Chapin, containing the following elements:
 - Both the Port and Mr. Chapin would actively seek to form community partnerships and solicit capital contributions for the required building improvements and funds to carry an option for a long-term lease for the Port Townsend Boat Shop;
 - The first three (3) months would be dedicated to partnership building and fundraising;
 - If unsuccessful during the initial three (3) month period, the MOU would terminate;
 - If successful, an additional six (6) months would be dedicated to design, permitting, and construction of the required improvements and negotiation of a new long-term lease for the Point Hudson Boat Shop.

Such an approach could demonstrate community support for small-scale marine trades at Point Hudson. It would also offer an opportunity to collaborate with the City, other agencies, and non-profit entities to revitalize and steward this historic structure.

EXECUTIVE DIRECTOR'S RECOMMENDATION: This item is for discussion.

Attachments: 2002 Washington Engineering, pg. 38
PTMC Table 5.13-1 and definitions